

Message Text

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ACTION EB-08

INFO OCT-01 AF-10 ARA-10 EUR-12 EA-10 NEA-11 IO-13
ISO-00 SSO-00 AGRE-00 STRE-00 INRE-00 NSCE-00
ICAE-00 CEA-01 CIAE-00 COME-00 DODE-00 FRB-03
H-01 INR-10 INT-05 L-03 LAB-04 NSAE-00 PA-01
CTME-00 AID-05 SS-15 STR-07 ITC-01 TRSE-00 SP-02
SOE-02 OMB-01 DOE-15 /151 W
-----128670 090446Z /11/75

O R 071452Z JUN 78
FM AMEMBASSY LONDON
TO SECSTATE WASHDC NIACT IMMEDIATE 6896
INFO ALL EC CAPITALS
AMEMBASSY ALGIERS
AMEMBASSY BERN
AMEMBASSY BRASILIA
AMEMBASSY BUENOS AIRES
AMEMBASSY CAIRO
AMEMBASSY CANBERRA
AMEMBASSY HELSINKI
AMEMBASSY ISLAMABAD
AMEMBASSY LISBON
AMEMBASSY MADRID
AMEMBASSY MOSCOW
AMEMBASSY NEW DELHI
AMEMBASSY OTTAWA
AMEMBASSY PRETORIA
AMEMBASSY STOCKHOLM
AMEMBASSY TOKYO
USMISSION GENEVA

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C O R R E C T E D C O P Y (TEXT--PARA TWO, LINE ELEVEN)

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FOR AMB WOLFE

USEEC ALSO FOR EMBASSY

USMTN

E.O. 11652: N/A

TAGS: EAGR, ETRD, OCON

SUBJECT: MAJOR EXPORTERS MEET - IWC INTERIM COMMITTEE

REF: GENEVA 03667

1. SUMMARY: US, CANADA, AUSTRALIA AND ARGENTINA MET INFORMALLY TUESDAY MORNING, JUNE 6 TO FOCUS ON KEY ISSUES TO BE CONSIDERED BY IWC INTERIM COMMITTEE AND TO ASSESS POSSIBILITIES FOR COORDINATED JOINT APPROACHES TO SUCH ISSUES. EXPORTERS AGREED THAT A POSSIBLE COARSE GRAIN ARRANGEMENT SHOULD NOT GO BEYOND A CONSULTATIVE TYPE AGREEMENT SIMILAR TO ARGENTINE PROPOSAL (REFTEL AND THAT THE STARTING POINT FOR NEGOTIATING WHEAT RESERVE STOCK SIZE SHOULD BE 30 MMT. REGARDING NOTIONAL PRICES, CANADA EXPRESSED DECLINING INTEREST AND A PREFERENCE FOR ELIMINATING THE CONCEPT, ALTERNATIVELY PEGGING THE LAST PRICE POINT ON THE INDICATOR SCALE AT A LEVEL ABOVE THE US LOAN.

2. CONCERNING A POSSIBLE COARSEGRAIN AGREEMENT, US (SAYLOR) OUTLINED WILLINGNESS TO ACCEPT CONSULTATIVE TYPE AGREEMENT ALONG LINES OF ARGENTINE PROPOSAL. HE STATED THAT US WOULD ASSUME CAUTIOUS ROLE WITH RESPECT TO COARSEGRAINS DURING INTERIM COMMITTEE ALLOWING THE EC TO "PLAY OUT" ITS POSITION, I.E., TO TRY TO DEVELOP SUPPORT FROM OTHER PARTICIPANTS. OTHER EXPORTERS LIMITED OFFICIAL USE

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REITERATED POSITIONS AS FOLLOWS: ARGENTINA - NO CHANGE IN POSITION, I.E., UNWILLING TO ACCEPT ANYTHING MORE THAN CONSULTATIVE/INFO SHARING AGREEMENT; AUSTRALIA IS NOW WILLING TO SUPPORT CONSULTATIVE AGREEMENT THOUGH ARGENTINA PROPOSAL GOES TOO FAR WITH RESPECT TO DECIDING OR RECOMMENDING SOLUTIONS; CANADA - CAN ACCEPT CONSULTATIVE AGREEMENT THOUGH WITHOUT REFERENCE PRICES OR INDICATOR TRIGGER POINTS.

3. RESERVE SIZE - MAJOR EXPORTERS AGREED THAT 30 MMT WAS A GOOD "STARTING POINT" FOR NEGOTIATION. ASSUMING SOME SLIPPAGE IT WAS AGREED THAT 25 MMT WAS MINIMUM GOAL (INCLUSIVE OF SOVIET SHARE WHICH WAS ASSUMED TO HAVE MARGINAL MARKET IMPACT). CANADA IN PARTICULAR EXPRESSED SERIOUS CONCERN AS TO EFFECTIVENESS OF AGREEMENT SHOULD

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-----100127 071925Z /47/75

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FM AMEMBASSY LONDON

TO SECSTATE WASHDC NIACT IMMEDIATE 6897

INFO ALL EC CAPITALS

AMEMBASSY ALGIERS

AMEMBASSY BERN

AMEMBASSY BRASILIA

AMEMBASSY BUENOS AIRES

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C O R R E C T E D C O P Y (TEXT PARA 5 LINES OMITTED)

NEGOTIATED AGGREGATE BE BELOW 25 MMT.

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4. REGARDING NOTIONAL PRICES AND INDICATOR SCALE ACTION
POINTS, SAYLOR NOTED THAT US-EC UNDERSTANDING WAS
FRAGILE BUT IN RECENT WEEKS BECOMING INCREASINGLY COMPRE-

HENSIVE. HE INDICATED THAT SOME LINKAGE BETWEEN LOWER NOTIONAL PRICE AND THE US LOAN RATE MIGHT BE APPROPRIATE. ANY LINKAGE, HOWEVER, WOULD NOT BE EXPLICIT BUT WOULD ONLY BE USED AS A GUIDE IN ESTABLISHING THE EXPLICIT LEVEL FOR THE LOWER NOTIONAL PRICE. CANADA (MINER) EXPRESSED PREFERENCE FOR DEFINING NOTIONAL PRICE CONCEPT IN GENERAL TERMS WITHOUT SPECIFYING ACTUAL NUMBERS. IN RESPONSE TO SAYLOR SUGGESTION THAT LOWER NOTIONAL PRICE MIGHT BE INDIRECTLY LINKED TO US LOAN, MINER STATED CLEARLY THAT SUCH A LEVEL WOULD NOT BE SALABLE TO CANADIAN PRODUCERS. BY INDICATING THAT "SUFFICIENTLY SEVERE" MEASURES WOULD BE NEEDED AT ACTION POINTS WELL ABOVE THE NOTIONAL FLOOR IN ORDER TO MAKE THE AGREEMENT WORKABLE, IT WOULD APPEAR THAT THE CANADIANS ARE BEGINNING TO POSTURE FOR A SUBSTANTIALLY HIGHER AND FIRMER FLOOR PRICE THAN ENVISAGED BY THE US. MINER IN FACT IMPLIED STRONGLY THAT THE ENTIRE CONCEPT OF NOTIONAL PRICES COULD BE SAFELY DISCARDED. SAYLOR REPLIED THAT THE US COULD NOT BACK AWAY FROM NOTIONAL PRICES.

5. IN PRIVATE CONVERSATION WITH MINER LATTER INDICATED THAT AUSTRALIANS AND ARGENTINES CONCERNED ABOUT THE FACT THAT US WOULD RELEASE FARMER-HELD STOCKS PRIOR TO RELEASE OF STOCKS BY OTHER COUNTRIES. HE DID NOT, HOWEVER, SUGGEST WHAT THIS CONCERN WOULD IMPLY BY GENERAL NEGOTIATIONS.

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Secure: OPEN
Status: NATIVE
Subject: MAJOR EXPORTERS MEET - IWC INTERIM COMMITTEE
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To: STATE USEEC MULTIPLE
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